

## **Request for City Council Committee Action**

Date: June 8, 2010

To: Community Development Committee  
Referral to: Ways & Means / Budget Committee

Prepared by: Carsten Slostad (Phone 673-5150)

Approved by: Robert D. Miller, Director \_\_\_\_\_

**Subject: Final Allocations for Neighborhoods**

### **Summary of the Request:**

The final revenue transfers from the City to NRP now complete the commitment established in the NRP Laws of 1990 and Title 16 Chapter 419 of the Minneapolis Code of Ordinances. NRP and Development Finance Division (DFD) staffs have reviewed NRP revenue and expenses and have determined that the un-obligated balance can now be used to increase NRP Phase II allocations from 80% of the April 19,2004 approved allocations to 100% of these allocations. Based upon the revenues that NRP has received, this will be the final neighborhood allocation and complete NRP funding support of neighborhoods and their neighborhood improvement efforts.

### **Recommendation:**

1. Amend the 2010 General Appropriation Resolution by increasing the Community Planning and Economic Development Department Fund 01CNR8900-800 (the NRP Fund) appropriation by \$3,214,802 from existing fund balance to increase the amount available to 100% for approved Phase II Neighborhood Action Plans;
2. Authorize the appropriate City officers to reserve the remaining un-obligated balance for Fund 01CNR, 01SNR and 42300 for future years expenditures on NRP Policy Board approved activities; and,
3. Authorize the appropriate City officers to enter into any contracts or agreements necessary to implement the activities above.

June 8, 2010

The Honorable Lisa Goodman, Chair  
Community Development Committee  
Minneapolis City Council  
315 City Hall  
Minneapolis, Minnesota 55415

The Honorable Betsy Hodges, Chair  
Ways and Means Committee  
Minneapolis City Council  
315 City Hall  
Minneapolis, Minnesota 55415

**Re: Final Allocations for Neighborhoods**

Dear Chairpersons Goodman and Hodges:

At its meeting on April 26, 2010 the Neighborhood Revitalization Program Policy Board adopted a resolution setting the final Phase II allocations at 90% of the April 19, 2004 allocations approved by the Policy Board. This recommendation was based on numbers and reports provided primarily by City staff. The Policy Board also removed the limitation on the time that neighborhoods can expend the first 80% of their allocation. On April 27, 2010 the City Development Finance Division (DFD) reported to NRP that an additional \$3,000,000 had not been included in the calculations that were presented at the April 26<sup>th</sup> Policy Board meeting.

After again working with DFD staff and having Jack Whitehurst review and verify the numbers to the maximum of our ability, I recommended, based upon the new numbers, that the final Phase II allocation for neighborhoods be revised and raised to 100% of the April 19, 2004 allocation. The new recommendation accepts the previous action taken by the Board to increase the Administrative Contingency Fund by \$399,656.95 to fully fund the approved 2010 NRP Administrative Budget and updates the capitalization and unobligated balance figures with the 2006 correction to capitalization and a 2008/09 correction to interest earnings. It will leave an unobligated balance that is significantly less than the amount that I believe the Board will need in the future. I also believe, however, that the earnings from future interest, the existing balances in the NRP Administrative Budget fund and the dollars that will be available from other sources (such as recapturing unspent balances from completed contracts that are not reserved for specific neighborhoods) will be sufficient to meet the administrative support needs for a reduced NRP office in the future and until the proposed plan of consolidation with NCR is fully implemented.

I recommended that the 90% previously approved by the Board as the cap for neighborhood expenditures of their Phase II allocation be raised, for all neighborhoods, to 100%.

The Honorable Lisa Goodman  
The Honorable Betsy Hodges  
June 8, 2010  
Page 2

A table showing the original allocations to neighborhoods, the revisions to those allocations that have been approved by the Policy Board and the final allocation is attached. A summary of the calculations used to determine the unobligated NRP Program Balance is also attached.

On May 24, 2010 the Policy Board passed the following resolution:

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board ("Board"), based on the 2009 Revenue and Expense report published by the Development Finance Division of the City and the subsequent information provided to the Board on the correction to the capitalization amounts, approves the following modification to the second resolved clause of Policy Board Resolution NRP / FR#2004-14:

“ up to ~~80%~~ ~~90%~~ 100% of the specified allocation shall be available for expenditure during the first three years after approval of their Phase II neighborhood action plan”

**FURTHER RESOLVED:** That the allocation calculated as a result of this change shall constitute the final Phase II allocation for each neighborhood and shall be effective immediately;

**FURTHER RESOLVED:** That the NRP staff inform the neighborhoods and appropriate City officials of this change;

**FURTHER RESOLVED:** That the Minneapolis Neighborhood Revitalization Program Policy Board hereby authorizes the Director to request that the City Council and Mayor [a] amend the 2010 General Appropriation Resolution by increasing the Community Planning and Economic Development Department Fund 01CNR 8900-800 (the NRP Fund) appropriation by \$ 3,214,802 from existing fund balance to increase the amount available to 100% for approved Phase II Neighborhood Action Plans; [b] authorize the appropriate City officers to reserve the remaining unobligated balance for Funds 01CNR, 01SNR and 42300 for future years expenditures on NRP Policy Board approved activities; and [c] authorize the appropriate City officers to enter into any contracts or agreements necessary to implement the activities above. [c] authorize the appropriate City officers to enter into any contracts or agreements necessary to implement the activities above.

The Honorable Lisa Goodman  
The Honorable Betsy Hodges  
June 8, 2010  
Page 3

Pursuant to this resolution, I make the following recommendations for consideration by your committees:

**Recommendation:**

1. Amend the 2010 General Appropriation Resolution by increasing the Community Planning and Economic Development Department Fund 01CNR8900-800 (the NRP Fund) appropriation by \$3,214,802 from existing fund balance to increase the amount available to 100% for approved Phase II Neighborhood Action Plans;
2. Authorize the appropriate City officers to reserve the remaining un-obligated balance for Fund 01CNR, 01SNR and 42300 for future years expenditures on NRP Policy Board approved activities; and,
3. Authorize the appropriate City officers to enter into any contracts or agreements necessary to implement the activities above.

Sincerely,

Robert D. Miller  
Director